

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

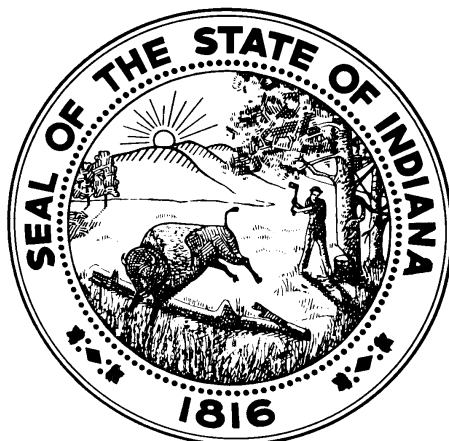
EXAMINATION REPORT

OF

CITY OF LIGONIER

NOBLE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
11/07/2008



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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Helen Gerke Norma Brady	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Mayor	Gary Bishop, Sr. Patricia Fisel	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Kenneth Shuman	01-01-07 to 12-31-08
President of the Board of Public Works and Safety	Gary Bishop, Sr. Patricia Fisel	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of Water Utility	Jeffery Boyle	01-01-07 to 12-31-08
Superintendent of Wastewater Utility	Environmental Management Corporation	01-01-07 to 12-31-08



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LIGONIER, NOBLE COUNTY, INDIANA

We have examined the financial information presented herein of the City of Ligonier (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 7, 2008

CITY OF LIGONIER  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 354,706	\$ 1,600,569	\$ 1,598,784	\$ 356,491
Motor Vehicle Highway	122,693	452,780	509,443	66,030
Local Road and Street	193,920	26,222	98,324	121,818
Park and Recreation	18,885	100,928	99,242	20,571
Law Enforcement Continuing Education	747	4,646	1,203	4,190
Riverboat	917	27,474	-	28,391
Sports/Recreation	51,704	107,420	118,709	40,415
Park Nonreverting Operating	41	25,299	23,310	2,030
Rex Hagen Family Foundation	164	-	164	-
City Gift	14,352	3,783	15,191	2,944
Park Gift	2,087	35,736	34,572	3,251
Fire Grant	605	-	200	405
Rainy Day	32,059	179,046	45,622	165,483
State Grant	-	80,400	80,400	-
Thompson Beautification	1,463	12,559	13,824	198
Redevelopment Authority Lease Payment	271,500	402,000	404,250	269,250
Redevelopment Authority Debt Service Reserve	269,019	-	-	269,019
Land Purchase	22,831	1,166	-	23,997
Downtown Redevelopment	610	-	-	610
General Improvement	29,871	24,801	-	54,672
Park Nonreverting Capital	6,195	198	-	6,393
TIF Number 2- Warren	613,987	644,012	576,243	681,756
CEDIT	302,724	168,502	186,110	285,116
Cumulative Capital Improvement	11,863	15,303	-	27,166
Cumulative Capital Development	472,202	77,411	480,000	69,613
Cumulative Building and Fire Fighting Equipment	69,007	35,816	24,149	80,674
Proprietary Funds:				
Water Utility - Operating	108,194	772,156	776,986	103,364
Water Utility - Bond and Interest	198,368	304,905	310,522	192,751
Water Utility - Depreciation	10,137	525	-	10,662
Water Utility - Customer Deposit	10,640	3,400	2,260	11,780
Water Utility - Construction	37,642	-	28,762	8,880
Water Utility - Debt Service Reserve	326,250	-	-	326,250
Wastewater Utility - Operating	1,512,020	1,065,614	777,561	1,800,073
Wastewater Utility - Bond and Interest	784,814	580,657	275,122	1,090,349
Wastewater Utility - Depreciation	143,329	89,015	-	232,344
Wastewater Utility - Construction	3,797,857	117,617	3,314,136	601,338
Wastewater Utility - Debt Service Reserve	628,055	456,000	809,055	275,000
Indiana Employment	17,023	-	1,234	15,789
Fiduciary Funds:				
Police Officers' Pension	104,611	769	105,380	-
Payroll	12,126	1,258,942	1,269,667	1,401
Totals	<u>\$ 10,555,218</u>	<u>\$ 8,675,671</u>	<u>\$ 11,980,425</u>	<u>\$ 7,250,464</u>

The accompanying notes are an integral part of the financial information.

CITY OF LIGONIER  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF LIGONIER  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.



CITY OF LIGONIER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 167,089
Buildings	4,996,641
Improvements other than buildings	3,624,826
Machinery and equipment	2,924,502
Construction in progress	<u>78,517</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,791,575</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 96,278
Capital assets, being depreciated:	
Buildings	1,357,517
Improvements other than buildings	4,976,210
Machinery and equipment	<u>371,523</u>
Total Water Utility capital assets	<u>6,801,528</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	6,277
Construction in progress	2,534,948
Capital assets, being depreciated:	
Buildings	9,453,728
Improvements other than buildings	3,523,135
Machinery and equipment	<u>703,198</u>
Total Wastewater Utility capital assets	<u>16,221,286</u>
Total business-type activities capital assets	<u>\$ 23,022,814</u>

CITY OF LIGONIER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The City and Utilities have entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Street Sweeper	\$ 63,628	\$ 23,324
2006 Crown Victoria- Police	6,870	7,338
2006 Ford Explorer- Police	6,977	7,452
2006 Crown Victoria- Police	7,444	7,951
2008 Ford Interceptor- Police	21,751	7,718
Fire Truck	173,027	48,299
Bonds payable:		
General obligation bonds:		
Redevelopment Lease Rental Bonds	<u>2,655,000</u>	<u>131,571</u>
Total governmental activities debt	<u>\$ 2,934,697</u>	<u>\$ 233,653</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Revenue Bonds	\$ 2,005,000	\$ 198,463
2003 Revenue Bonds	<u>1,255,000</u>	<u>109,406</u>
Total Water Utility	<u>3,260,000</u>	<u>307,869</u>
Wastewater Utility		
Revenue bonds:		
2002 Bonds (Loan)	1,777,000	100,503
2005 Bonds	3,595,000	517,239
2006 Bonds	<u>4,000,000</u>	<u>184,308</u>
Total Wastewater Utility	<u>9,372,000</u>	<u>802,049</u>
Total business-type activities debt:	<u>\$ 12,632,000</u>	<u>\$ 1,109,918</u>

CITY OF LIGONIER  
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

The City has adopted ordinance (581) concerning customer deposits. However, the provisions of the ordinance are not being followed.

- a. The deposit is being charged to renters only. The ordinance states that the deposit is to be required of all applicants for service.
- b. The deposits are not being refunded to customers when the requirement for timely payments is met, as required in the ordinance.
- c. The ordinance states that deposits held more than 12 months are to earn interest at the rate of 3% per annum, but no interest is accrued.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

An annual report for 2007 was not presented for examination.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CITY OF LIGONIER  
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2008, with Patricia Fisel, Mayor; and Norma Brady, Clerk-Treasurer. The officials concurred with our findings.